



# Washington County Consolidated Communications Agency

## Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2005

Washington County Consolidated Communications Agency  
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**Washington County Consolidated Communications Agency**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2005

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# Introductory Section



## Washington County Consolidated Communications Agency

October 21, 2005

### **Chair Rob Drake and Members of the Board of Commissioners**

We are pleased to submit the Comprehensive Annual Financial Report of Washington County Consolidated Communications Agency (WCCCA or Agency) for the fiscal year ended June 30, 2005. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the Agency. To provide a reasonable basis for making these representations, the Agency's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Agency's management provides a narrative introduction, overview, and analysis of the basic financial statements immediately following independent auditor's report, otherwise known as the Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Pauly, Rogers and Co., P.C. has issued an unqualified (clean) opinion on the Agency's financial statements for the fiscal year ended June 30, 2005. The Independent Auditor's Report is located at the front of the financial section of this report.

The Agency is a local government established to provide countywide dispatch operations for 9-1-1 call answering and all fire, emergency medical services (EMS), and law enforcement dispatching. This report has been prepared in accordance with accounting principles generally accepted in the United States of America and follows guidelines recommended by the Government Finance Officers Association of the United States and Canada.

### **The Reporting Entity and Its Services**

The Agency is an Oregon Revised Statutes (ORS) Chapter 190 Intergovernmental Agency established to provide 9-1-1 service and public safety communications for police, fire, and EMS in Washington County, Oregon. The Agency operates under the authority of ORS 190.010 and is established as a 9-1-1 jurisdiction in accordance with ORS 401.710 to 401.790. A Board of Commissioners comprised of one representative from each participating jurisdiction governs the Agency.

The Board of Commissioners is responsible for the appointment of the Agency's Director, strategic planning, establishment of Agency service levels and performance standards, adoption of the annual budget, and approval of all contracts over \$50,000.

P.O. Box 6375 • Beaverton, Oregon 97007-0375 • (503) 690-4911 • Fax (503) 531-0186

*"Excellence In Emergency Communications"*

The Chief Executive Officers (CEO) Board's function is to provide oversight of and assistance to the Director in Agency operational matters; consider and make recommendations to the full Board on budgetary issues, contracts up to \$50,000, salary levels, and labor negotiations; approve policies and strategies to meet established Agency service levels; serve as the Local Contract Review Board; and provide for an annual audit of the Agency's finances.

The Technical Advisory Committee (TAC) was established to provide advice and counsel in matters regarding standard operating procedures and Agency operation. Each member agency has a user representative on the Committee.

WCCCA's Board of Commissioners has established the Agency's mission statement, which reflects WCCCA's commitment to providing quality services to all of its customers. The mission statement reads, "WCCCA is committed to providing timely, efficient and compassionate communication services to all citizens through innovation, employee excellence and partnerships with public-safety providers." The strategic goals for WCCCA are to:

- 1) Maintain and Improve Performance levels for Call Answering and Radio Dispatch Services
- 2) Maximize Utilization of Existing Resources
- 3) Ensure Financial Stability
- 4) Ensure Preparedness for Catastrophic Events
- 5) Seek Efficiencies through Cooperative Initiatives
- 6) Promote Craftsmanship and Pride Throughout the Organization
- 7) Develop and Foster a Workforce which Honors and Respects the Diversity and Contributions of One Another Including the Community We Serve.

WCCCA continues to contract with Metro, a regional government agency, for access to surrounding counties' data and graphic interface system (GIS) programming specialists. All of WCCCA's mapping information is stored and accessed via Metro's internet site, allowing participating agencies to access and print maps 24 hours a day.

Such partnerships have continued to improve operating efficiencies on a regional basis by sharing dispatch resources and have provided a level of technological enhancements throughout the county that would not otherwise be possible.

## **Economic Condition and Outlook**

The Agency dispatches emergency services personnel to an area encompassing over 900 square miles. The area includes all of Washington County, a portion of northwest Clackamas County, and portions of the western area of Multnomah County contiguous with the boundaries of Tualatin Valley Fire and Rescue.

Washington County continues to experience one of the highest rates of population growth in the State of Oregon. The County's population includes two of the state's largest cities, Hillsboro and Beaverton. There is a direct correlation in the number of public safety calls and the amount of Agency dispatch services required, relative to the population served. We continue to work proactively and cooperatively with other governments and regional planning groups to ensure the continued ability to serve this future population.

This area serves as the home to internationally recognized companies such as Nike, Mentor Graphics, In Focus and Tektronix. Top metropolitan area employers include Intel, Fred Meyer, Inc., Verizon Northwest, Portland General Electric, IBM, Kaiser Permanente, Providence Health Systems, U.S. Bancorp, Freightliner, Tektronix, Nike and Maxim Integrated Products, among others. The area has attracted significant retail and wholesale marketers such as Costco Wholesale Clubs, Dayton-Hudson Stores, and Rite-Aid Drug Stores, and companies such as Pacific Realty Associates have continued development of acres of land adjacent to the Sunset Highway. Nike's world headquarters complex houses thousands of employees in office buildings bordering a seven-acre man-made lake and five acres of wetlands. Intel has continued to invest in multi-million dollar facility expansions to manufacture state-of-the-art computer chips, largely in the City of Hillsboro.

As an ORS 190 organization, user fees from the participating jurisdictions fund the Agency, along with State of Oregon levied 9-1-1 excise taxes. The 9-1-1 excise tax is a state-mandated tax of 75 cents per month levied on all telephone users, including cellular phone lines, which have access to 9-1-1. Revenues from this excise tax have been increasing due to the County's population growth, which increases the number of phone devices, which are levied the 9-1-1 excise tax. During a special session of the legislature in 2002, the sunset for the 9-1-1 tax was extended another 5 years to June, 2008. While this provides some stability as a source of revenue, the weak economy, and the resulting potential for further legislative action, is rendering it difficult to accurately predict prospective 9-1-1 tax revenues.

As the economy slowly stabilizes, WCCCA has experienced some economic repercussions through our member agencies. Because member agencies are municipalities and districts supported by property taxes, the Agency must respond to their budgetary limitations and seek to minimize user agency fees through the effective management of resources into the future.

## **Major Initiatives**

### **Agency Service Efforts and Accomplishments**

The Agency has continued in its efforts to reform employment practices at WCCCA. Staff has completed extensive work to address employment policy issues, as well as other organizational development issues. These organizational development issues have addressed workload and staffing levels, management information and reporting, and service levels to WCCCA's user agencies and the community. These committees, which include Employee Resolutions, Quality Improvement, Staffing, and Training committees, have made great progress so far, and have seen improvement.

After experiencing difficulties in retaining newly hired dispatchers, the Agency has undergone an extensive review of the dispatcher recruitment process last year. The changes made have improved the quality and suitability of dispatchers hired. Actual staffing levels reduced slightly in 2004, for a total of 54 dispatchers out of a budgeted 57.5 full-time employees. Currently this year we have a full staff of 62.5.

Staff has continued focus on the planning and implementation of the public safety levy supported projects. Staff continued the process of planning and building the radio system infrastructure included in the levy. After extensive research, staff identified the radio tower sites and configurations that would provide optimum radio coverage for user agencies, and began the acquisition process for those sites. Staff has also successfully renegotiated most of the leases for existing tower sites.

WCCCA staff continues to support the Clackamas County 800 MHz radio system, both technologically and operationally. The sites in Clackamas County provide direct benefit to the eastern portion of Washington County through better coverage in the cities of Beaverton, Tigard, and Tualatin as well as those areas served by Tualatin Valley Fire and Rescue and Washington County Sheriff. Consequently, this unique partnership has significantly reduced the amount of build out required by WCCCA to adequately serve these areas for our users.

WCCCA was successful in a grant application for Homeland Security funds in the 2004-2005 grant period. This award will enable WCCCA to improve security at the facility and at tower sites, as well as on the Agency's computer and wireless networks. Additionally, this award will fund software to better track and report on resources in the field, and will provide a vehicle to tow the mobile repeater unit procured in the 2003-2004 Homeland Security grant.

Agency staff continued an active role in the Urban Area Strategic Initiative, helping to form a consortium of 7 communications centers in the metropolitan region. The consortium will utilize \$1.1 million in 2003 grant funds to develop and implement a solution for Computer Aided Dispatch (CAD) to CAD interoperability among the communications centers in the region. This will improve the centers' ability to respond in the event of a regional emergency. This consortium will also utilize \$1.137 million in 2004 grant funds to further improve the regional system by developing a solution for voice radio interoperability between the local responders and state or federal agencies. In the 2005 grant cycle WCCCA received \$225,000 to replace an ageing piece of equipment that manages the traffic on our mobile data system.

## **For the Year and For the Future**

WCCCA has been very active in upgrading technology to better serve its users and citizens. This year, staff has been working with user agencies to identify and meet the federal requirements for encryption of radio transmissions. Additionally, staff will be working with the Board and user agencies to determine the feasibility of implementing an Automatic Vehicle Locator system earlier than anticipated. WCCCA will continue to serve the diverse technological needs of its users in Washington County over the next year.

Another primary focus in the next year will be the implementation of the remainder of the levy project. Radio tower site acquisition and construction will continue, as well as technology upgrades to several existing sites for expanded functionality. These upgrades are expected to improve radio coverage for our user agencies on a daily basis, as well as improve interoperability with other radio systems in the region to better prepare for any potential emergency events. As the major capital projects are completed and the remaining funding levels become better known, staff will work with user agencies and Board members to adjust the priorities of the levy projects over the next year.

Over the past several years, WCCCA has been heavily involved with legislative efforts to stabilize and ensure continued 9-1-1 funding and plans to continue a leadership role in this critical effort. The law authorizing the .75 cent tax is scheduled to sunset in 2007. Staff will work with our statewide 9-1-1 Managers group to ensure this law is renewed in the 2006 legislative session. The potential effects of loss of this funding could have serious service delivery implications for agencies around the state, including WCCCA, as there is no other mechanism available with which organizations can fund the program. While the funding has stabilized at the moment, legislative action could change that at any time. For this reason, staff plans to keep informed of any potential changes or new developments regarding this issue and develop a coordinated strategy with user agencies, local government and state associations for upcoming legislative sessions.

## **Cash Management**

The Agency invests available cash in the Oregon State Treasury's Local Government Investment Pool.

## **Risk Management**

The Agency has purchased its general and auto liability and workers' compensation insurance policies through City County Insurance Services. City County is a trust established by the League of Oregon Cities and the Association of Oregon Counties to provide risk management services including insurance and loss control to its member entities.

Coverage and rates are guaranteed for a three-year period to provide stability in the governmental budgeting process. The City County pools retain only certain portions of risk, purchasing commercial reinsurance to cover losses above the retention levels. Currently the retention levels are \$500,000 for liability, \$50,000 for property and \$250,000 for workers' compensation coverage. The Agency has purchased additional coverage for general liability up to \$2,000,000 per occurrence. City County also provides comprehensive risk management and loss control services which are integral in maintaining the financial integrity of the pools. The Agency purchases property, boiler and machinery insurance coverage for the dispatch facility and remote radio transmitting sites. The Agency's loss experience in all areas has been excellent. Equipment and facilities are well maintained. Losses are reviewed by management, and steps are recommended to reduce future potential losses. Workers' compensation losses have also been maintained at a low level.

## **Other Information**

### **Independent Audit**

State of Oregon Revised Statutes, ORS 297.405 to 297.555, require an annual audit of the fiscal affairs of the Agency by independent public accountants selected by the Board of Commissioners. This requirement has been complied with and the auditor's opinion has been included in this report.

## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washington County Consolidated Communications Agency for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This is the ninth year that the Agency has received this prestigious award. In order to be awarded a Certificate of Achievement, a public agency needs to publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

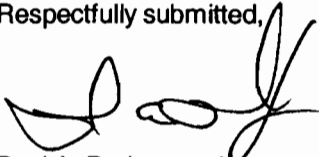
A Certificate of Achievement is valid for a period of one year only. We believe that this current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the Certificate of Achievement for Excellence in Financial Reporting, WCCCA also received the GFOA Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2005. In order to be awarded a Distinguished Budget Presentation Award, a public agency must publish an effective and understandable financial plan for the upcoming fiscal year and beyond. This is the third year that the Agency has applied for and received this prestigious award. WCCCA will continue efforts to develop a viable financial plan for the future of the Agency through the budget process.

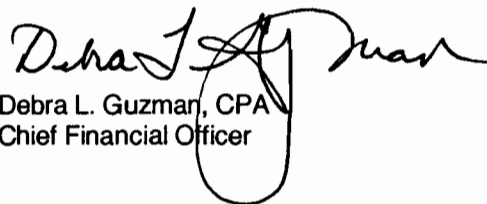
## Acknowledgments

We express our sincere gratitude to the personnel of the Finance Division at Tualatin Valley Fire and Rescue who assisted and contributed to this report, and to the administrative staff at WCCCA for their diligent work throughout the year. We also would like to extend our appreciation to the Board of Commissioners, the managers, employees and citizens of the Agency whose continuing support is vital to the financial and community affairs of the Agency.

Respectfully submitted,



Paul A. Pedersen, Jr.  
Director



Debra L. Guzman, CPA  
Chief Financial Officer



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washington County  
Consolidated Communications  
Agency, Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

# Washington County Consolidated Communications Agency

Board of Commissioners

June 30, 2005

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Mayor Rob Drake, Chair  
City of Beaverton  
PO Box 4755  
Beaverton, OR 97075

Brian Coussens  
Banks Fire Dist. #13  
300 S Main Street  
Banks, OR 97106

Bill Middleton  
City of Sherwood  
20495 SW Borchers Dr.  
Sherwood, OR 97140

Bob Wyffels, Director  
Tualatin Valley Fire and Rescue  
9777 SE Elrose Street  
Tigard, OR 97224

Chuck Fessler  
King City Police Dept  
15300 SW 116<sup>th</sup> Ave.  
King City, OR 97224

Robert Mills  
City of Forest Grove  
PO Box 326  
Forest Grove, OR 97116

Phil Anderson  
Gaston Fire District  
46377 SW Patton Valley Rd.  
Gaston, OR 97119

Dean Gibbs  
City of Durham  
7867 SW Whitfurrows Ct.  
Durham, OR 97224

Al Orr  
City of Tigard  
13125 SW Hall Blvd  
Tigard, OR 97223

Chris Asanovic  
Cornelius Fire Department  
1355 N. Barlow St.  
Cornelius, OR 97113

Jay Harris  
City of Tualatin  
18880 SW Martinazzi Ave.  
Tualatin, OR 97062

Paul Rubenstein  
Cornelius Police Department  
1355 N. Barlow St.  
Cornelius, OR 97113

Teri Branstritre  
City of Banks  
100 S Main  
Banks, OR 97106

Robert Kindel, Jr.  
City of North Plains  
PO Box 136  
North Plains, OR 97133

Gary Wells  
Washington County Fire Dist #2  
20665 SW Blanton St.  
Aloha, OR 97007

Charles Cameron  
Washington County  
155 N First Avenue, MS 21  
Hillsboro, OR 97124

Robert Massar  
City of Hillsboro  
123 W Main Street  
Hillsboro, OR 97123

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## Administrative Offices

P.O. Box 6375  
Beaverton, OR 97007

## Registered Agent

None

## Legal Counsel

Bullivant, Houser, Bailey  
300 Pioneer Tower  
888 SW Fifth Avenue  
Portland, OR 97204

**Washington County Consolidated Communications Agency**  
Budget Committee  
June 30, 2005

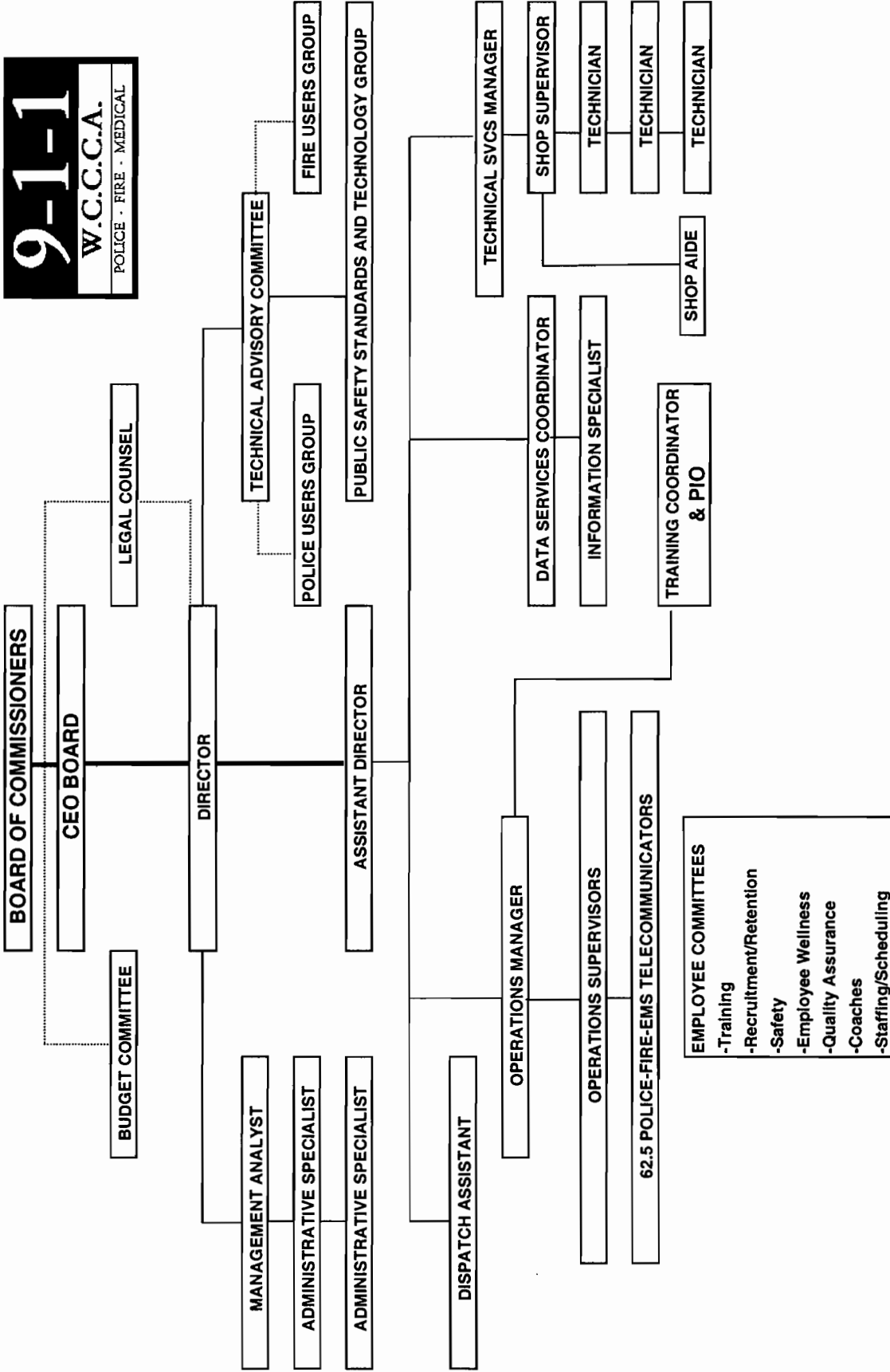
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<b>Name</b>	<b>Jurisdiction</b>
Mike Anderson	City of Forest Grove/Fire District
Phil Anderson	Gaston Fire District
Chris Asanovic	Cornelius Fire District
Teri Branstritre	City of Banks
Charles Cameron	Washington County
Brian Coussens	Banks Fire District No. 13
Rob Drake	City of Beaverton
Patrick Duffy	City of Beaverton
Chuck Fessler	King City Police Department
Mark Gaither	City of Sherwood
Dean Gibbs	City of Durham
Jay Harris	City of Tualatin
Robert Kindel, Jr.	City of North Plains
Sue Lamb	City of Tualatin
Robert Massar	City of Hillsboro
Bill Middleton	City of Sherwood
Robert Mills	City of Forest Grove/Fire District
Michael Mudrow	Tualatin Valley Fire and Rescue
Al Orr	City of Tigard
Bob Rohlf	City of Tigard
Paul Rubenstein	City of Cornelius
Gary Wells	Washington County Fire District No. 2
Bob Wyffels	Tualatin Valley Fire and Rescue

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Paul A. Pedersen Jr.  
Director/Budget Officer

# Washington County Consolidated Communications Agency Organizational Chart



# Financial Section



# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
- (503) 620-2632 • FAX (503) 684-7523

October 21, 2005

To the Board of Commissioners  
Washington County Consolidated Communications Agency  
Washington County, Oregon

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the of Washington County Consolidated Communications Agency, Washington County, Oregon, as of and for the year ended June 30, 2005, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents. The basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Washington County Consolidated Communications Agency, Washington County, Oregon, at June 30, 2005, and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated October 21, 2005, on our consideration of Washington County Consolidated Communications Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington County Consolidated Communications Agency's basic financial statements. The Supplementary Information, including budgetary comparison schedules (which are required supplementary information for major governmental funds) as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The Supplementary Information and the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



PAULY, ROGERS AND CO., P.C.

## Management's Discussion and Analysis



## **Washington County Consolidated Communications Agency Management's Discussion and Analysis For the Year Ended June 30, 2005**

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As management of Washington County Consolidated Communications Agency (WCCCA or Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

### **Financial Highlights**

- In the government-wide financial statements, the assets of the Agency exceeded its liabilities at June 30, 2005, by \$12,398,297. Of this amount, \$7,456,210 represents the Agency's investment in capital assets, \$2,375,721 is restricted for facility improvements and equipment, \$18,238 is restricted for compensated absences and the balance of \$2,548,128 will be used to meet the Agency's ongoing obligations to participating governments and creditors.
- The Agency's total net assets increased by \$2,672,772 primarily from levy proceeds received from Washington County for facility improvements and capital equipment. The proceeds from this bond issued by Washington County are the intergovernmental transfer in the System Upgrade Fund.
- As of June 30, 2005, the Agency's governmental funds reported combined ending fund balances of \$5,227,645 an increase of \$295,084 in comparison with the prior year. The increase in fund balance was from increases in the charges for services and grant revenue booked in this year, but expenditures recorded in the previous year.
- At June 30, 2005, unreserved fund balance for the General Fund was \$2,106,787 or 26 percent of total general fund expenditures and other financing uses.
- By ORS law, the Agency is not allowed to incur debt. Washington County, who currently owns the facility, did a local option levy on the Agency's behalf for facility improvements and for capital equipment and furniture for the facility.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business, and include the *Statement of Net Assets* and the *Statement of Activities*.

The *Statement of Net Assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses

**Washington County Consolidated Communications Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005**

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are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the Agency's activities are shown in one category: *governmental activities*. The governmental activities of the Agency include dispatch operations and emergency communications, and are primarily supported through 9-1-1 taxes and charges for services to other governments.

The government-wide financial statements can be found on pages 10 and 11 of this report.

### **Fund financial statements**

The *fund financial statements* provide more detailed information about the Agency's funds, focusing on its most significant or "major" funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are governmental funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balances* are reconciled to the government-wide *Statement of Net Assets* and *Statement of Activities*.

The Agency maintains five individual governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund and the System Upgrade Capital Fund, both of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as supplemental information.

Additionally, the Agency adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget on page 16.

The basic governmental fund financial statements can be found on pages 12 and 14 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17-26 of this report.

**Washington County Consolidated Communications Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005**

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 27 and 28 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$12,398,297 at June 30, 2005.

The largest portion of the Agency's net assets (60 percent) reflects its investment in capital assets (e.g. building and equipment). The Agency uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The remaining assets consist mainly of cash and cash equivalents and 9-1-1 taxes receivable which are used to meet the Agency's ongoing obligations to its participating governments.

<b>Net Assets</b>	<b>Governmental Activities</b>		<b>Increase (Decrease) from Fiscal 2004</b>
	<b>2005</b>	<b>2004</b>	
Current and other assets	\$ 6,202,627	\$ 7,769,434	\$ (1,566,807)
Capital assets	7,456,210	4,995,156	2,461,054
Total assets	<u>13,658,837</u>	<u>12,764,590</u>	<u>894,247</u>
Current liabilities	1,260,540	3,039,065	(1,778,525)
Total liabilities	<u>1,260,540</u>	<u>3,039,065</u>	<u>(1,778,525)</u>
Net assets:			
Invested in capital assets, net of related debt	7,456,210	4,995,156	2,461,054
Restricted for capital projects	2,375,721	2,403,356	(27,635)
Restricted for compensated absences	18,238	17,818	420
Unrestricted	2,548,128	2,309,195	238,933
Total net assets	<u>\$ 12,398,297</u>	<u>\$ 9,725,525</u>	<u>\$ 2,672,772</u>

The Agency's largest liability (30 percent) is for deferred revenue. Current liabilities of the Agency consist of accounts payable, salaries and benefits payable, compensated absences liability and deferred revenue.

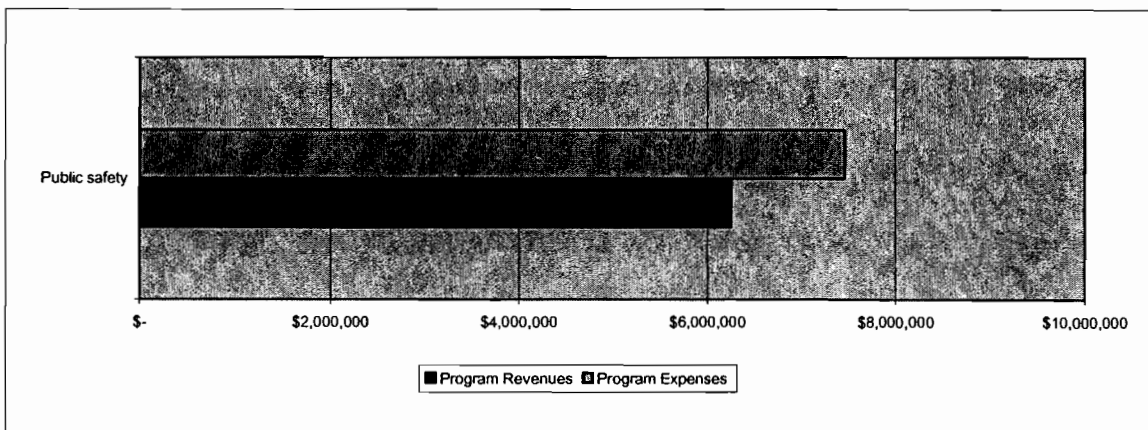
A large portion of the Agency's total assets (55 percent) reflects its investment in capital assets (e.g. buildings and improvements and furniture, fixtures, and communication equipment). The Agency uses these capital assets to provide services to the participating governments and consequently are not available for future spending.

**Governmental activities.** In the Governmental Activities, there was an increase in charges for services over the prior year; grant revenue was posted in 2004-05, but the expenses paid from the prior year; and expenses were lower than anticipated. Governmental activities increased the Agency's net assets in the current year by \$2,672,772.

**Washington County Consolidated Communications Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005**

<b>Changes in Net Assets</b>	<b>Governmental Activities</b>		<b>Increase (Decrease) from Fiscal 2004</b>
	<b>2005</b>	<b>2004</b>	
<b>Revenue:</b>			
Program revenues			
Charges for services	\$ 5,648,971	\$ 5,275,929	\$ 373,042
Operating grants and contributions	603,749	134,517	469,232
General revenues:			
9-1-1 taxes	2,231,607	2,206,420	25,187
Earnings on investments	102,826	80,683	22,143
Proceeds from levy	1,510,264	1,510,264	
Miscellaneous	30,038	54,894	(24,856)
Total revenues	<u>10,127,455</u>	<u>9,262,707</u>	<u>864,748</u>
<b>Expenses:</b>			
Public safety-dispatch service	7,454,683	7,205,969	248,714
Total expenses	<u>7,454,683</u>	<u>7,205,969</u>	<u>248,714</u>
Increase in net assets	2,672,772	2,056,738	616,034
Net assets - July 1, 2004	9,725,525	7,668,787	2,056,738
Net assets - June 30, 2005	<u>\$ 12,398,297</u>	<u>\$ 9,725,525</u>	<u>\$ 2,672,772</u>

**Expenses and Program Revenues – Governmental Activities**

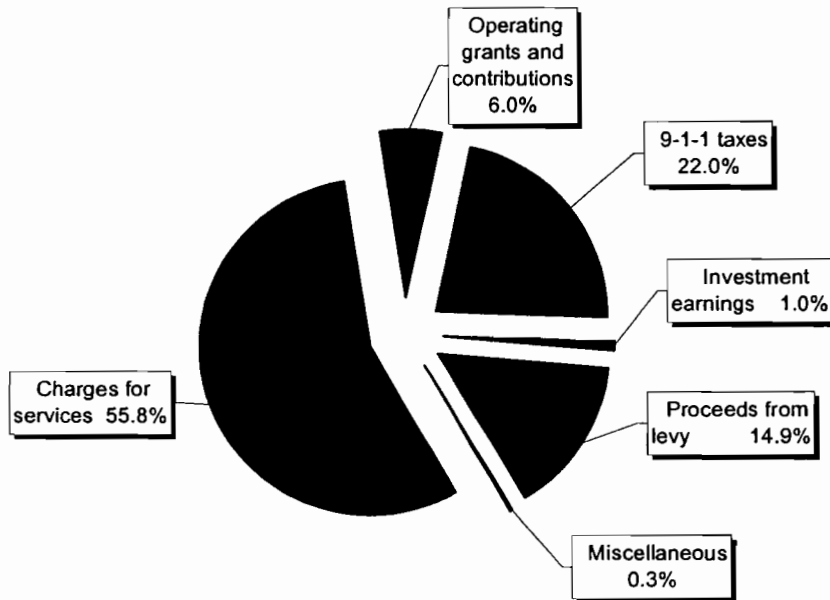


**Washington County Consolidated Communications Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005**

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**Revenues by Source – Governmental Activities**

Total Revenues



**Financial Analysis of the Government's Funds**

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Agency's *governmental funds* is to provide information on short-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2005, the Agency's governmental funds reported combined ending fund balances of \$5,227,645, an increase of \$295,084 in comparison with the prior year. The majority of this total amount (99.7 percent) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved for compensated absences.

*General Fund.* The General Fund is the chief operating fund of the Agency. As of June 30, 2005 the entire General Fund balance was unreserved at \$2,106,787. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 28 percent of total general fund expenditures and total fund balance also represents 28 percent of that same amount.

The fund balance of the Agency's General Fund increased by \$404,150 during the current fiscal year. Key factors in this growth are expenditures for personal services, materials and services and capital outlay being less than budgeted.

*System Upgrade Fund.* The System Upgrade Fund accounts for the accumulation of resources for construction costs of the existing facility, as well as significant capital outlays for building equipment and furniture. As of June 30, 2005, the ending fund balance of the System Upgrade Fund was \$2,375,721, a decrease of \$27,635 during the current fiscal year. This slight decrease is due mainly to continued radio

**Washington County Consolidated Communications Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005**

tower site acquisition and construction, as well as technology upgrades to several existing sites for expanded functionality.

**General Fund Budgetary Highlights**

The Board adopted two supplemental budgets to the adopted budget for June 30, 2005. The supplemental budget was adopted to reflect the proceeds of grant awards under the State Domestic Preparedness Equipment Program. The first supplemental budget allocated grant awards for communication equipment in the System Upgrade Project Fund. The second supplemental budget allocated grant awards for building and equipment in the General Fund. During the year, all General Fund expenditures were within budget.

**Capital Asset**

The Agency's investment in capital assets includes buildings and improvements, vehicles, furniture, fixtures, equipment, and work in progress. As of June 30, 2005, the Agency had invested \$7,456,210 in capital assets, net of depreciation, as shown in the following table:

<b>Capital Assets (net of depreciation)</b>	<b>Governmental Activities</b>		<b>Increase (Decrease) from</b>
	<b>2005</b>	<b>2004</b>	<b>Fiscal 2004</b>
Buildings and improvements	\$ 1,265,708	\$ 843,361	\$ 422,347
Vehicles	68,159	13,314	54,845
Furniture, fixtures, and equipment	1,729,653	1,555,890	173,763
Work in progress	4,392,690	2,582,591	1,810,099
Total net assets	<u>\$ 7,456,210</u>	<u>\$ 4,995,156</u>	<u>\$ 2,461,054</u>

During the year, the Agency's investment in capital assets increased by \$2,461,054 mainly due to the addition of the Motorola Radio System. The major capital assets events for the year include radio tower site construction, technology upgrades to several existing sites, and radio system upgrades.

Additional information on the Agency's capital assets can be found in the notes to the financial statements on pages 19 and 22 of this report.

**Economic Factors and Next Year's Budget**

The Agency's 9-1-1 revenues have a direct correlation with population growth since 9-1-1 revenue is based on the number of phones the population carries. Continued population growth in the area is taking place, and while the Agency has lowered its growth rates for forecasting and future budget purposes, we still anticipate slightly increased 9-1-1 revenues in future years based upon continued population growth. Currently this funding source is stable; however legislative action could change that at any time. The law authorizing the 75 cent tax is scheduled to sunset in 2007. Due to the future uncertainty and lack of other funding sources for the program, staff plans to stay strongly focused on potential changes or new legislative developments.

The state's pension system for its public employees, PERS, has been under significant legislative and public scrutiny as the costs of the benefits have become higher than acceptable and are projected to continue to significantly increase. This pension system has been subject to significant legislative reform as well as changes mandated from court rulings. These reforms have served to slow down the rate of

**Washington County Consolidated Communications Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005**

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increase in PERS contribution rates for employers for now, but the majority are being contested through the court system creating additional uncertainty for PERS costs in the future. The 2005-06 budget and future forecasts reflect these significant factors.

**Requests for Information**

This financial report is designed to provide a general overview of Washington County Consolidated Communications Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Washington County Consolidated Communications Agency, 20665 SW Blanton Street, Aloha, Oregon, 97007.

# Basic Financial Statements



**Washington County Consolidated Communications Agency**  
**Statement of Net Assets**  
**June 30, 2005**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,830,423
Receivables, net:	
9-1-1 taxes receivable	580,033
Accounts receivable	792,171
Capital assets not being depreciated:	
Construction in progress	4,392,690
Capital assets net of accumulated depreciation:	
Buildings and improvements	1,265,708
Vehicles	68,159
Furniture, fixtures, and equipment	1,729,653
<b>Total assets</b>	<b>13,658,837</b>
<b>LIABILITIES</b>	
Accounts payable	301,964
Accrued salaries and benefits payable	248,751
Accrued compensated absences	337,548
Deferred revenue	372,277
<b>Total liabilities</b>	<b>1,260,540</b>
<b>NET ASSETS</b>	
Invested in capital assets	7,456,210
Restricted for:	
Facility improvements and equipment	2,375,721
Compensated absences	18,238
Unrestricted	2,548,128
<b>Total net assets</b>	<b>\$ 12,398,297</b>

The notes to the basic financial statements are an integral part of this statement.

**Washington County Consolidated Communications Agency**  
**Statement of Activities**  
**For the Year Ended June 30, 2005**

	<b>Governmental Activities</b>
<b>Expenses:</b>	
Public safety - dispatch service:	\$ 7,454,683
Total program expenses	7,454,683
<b>Program revenues:</b>	
Charges for services	5,648,971
Operating grants and contributions	603,749
Total program revenues	6,252,720
Net program expenses	1,201,963
<b>General revenues:</b>	
9-1-1 taxes	2,231,608
Investment earnings	102,825
Intergovernmental	1,510,264
Miscellaneous	30,038
Total general revenues	3,874,735
Change in net assets	2,672,772
Net assets, July 1, 2004	9,725,525
Net assets, June 30, 2005	\$ 12,398,297

The notes to the basic financial statements are an integral part of this statement.

**Washington County Consolidated Communications Agency**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	<b>General Fund</b>	<b>System Upgrade Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,857,741	\$ 2,225,465	\$ 747,217	\$ 4,830,423
Receivables:				
9-1-1 taxes receivable	580,033			580,033
Accounts receivable	464,640	327,531		792,171
Due from other funds	127,157			127,157
<b>Total assets</b>	<b>\$ 3,029,571</b>	<b>\$ 2,552,996</b>	<b>\$ 747,217</b>	<b>\$ 6,329,784</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 249,766	\$ 51,032	\$ 1,166	\$ 301,964
Accrued salaries and benefits payable	297,607			297,607
Due to other funds		126,243	914	127,157
Deferred revenue	375,411			375,411
<b>Total liabilities</b>	<b>922,784</b>	<b>177,275</b>	<b>2,080</b>	<b>1,102,139</b>
Fund balances:				
Reserved for compensated absences			18,238	18,238
Unreserved, reported in:				
General fund	2,106,787			2,106,787
Special revenue funds			726,899	726,899
Capital projects funds		2,375,721		2,375,721
<b>Total fund balances</b>	<b>2,106,787</b>	<b>2,375,721</b>	<b>745,137</b>	<b>5,227,645</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,029,571</b>	<b>\$ 2,552,996</b>	<b>\$ 747,217</b>	<b>\$ 6,329,784</b>

The notes to the basic financial statements are an integral part of this statement.

**Washington County Consolidated Communications Agency**  
**Reconciliation of Governmental Funds**  
**Balance Sheet to Statement of Net Assets**  
**For the Year Ended June 30, 2005**

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<b>Total fund balances</b>		<b>\$ 5,227,645</b>
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 8,188,824	
Accumulated depreciation	<u>(732,614)</u>	7,456,210
A portion of the accounts receivable are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		3,134
The amount of compensated absences liability that will not be paid from resources of the current year's operations is not reported as a fund liability of the governmental funds		(288,692)
<b>Total net assets</b>		<u><u>\$ 12,398,297</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Washington County Consolidated Communications Agency**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

	<b>General Fund</b>	<b>System Upgrade Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 2,258,983			\$ 2,258,983
Intergovernmental		\$ 1,510,264		1,510,264
Investment earnings	34,317	49,747	\$ 18,761	102,825
Charges for services	5,656,359			5,656,359
Grants	603,749			603,749
Miscellaneous	30,038			30,038
Total revenues	<u>8,583,446</u>	<u>1,560,011</u>	<u>18,761</u>	<u>10,162,218</u>
<b>EXPENDITURES</b>				
Personal services	6,077,253			6,077,253
Materials and services	1,004,560	46,389		1,050,949
Capital outlay	437,921	2,265,953	35,058	2,738,932
Total expenditures	<u>7,519,734</u>	<u>2,312,342</u>	<u>35,058</u>	<u>9,867,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,063,712</u>	<u>(752,331)</u>	<u>(16,297)</u>	<u>295,084</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		724,696	84,866	809,562
Transfers out	(659,562)		(150,000)	(809,562)
Total other financing sources (uses)	<u>(659,562)</u>	<u>724,696</u>	<u>(65,134)</u>	<u>-</u>
Net change in fund balances	404,150	(27,635)	(81,431)	295,084
Fund balances - July 1, 2004	1,702,637	2,403,356	826,568	4,932,561
Fund balances - June 30, 2005	<u>\$ 2,106,787</u>	<u>\$ 2,375,721</u>	<u>\$ 745,137</u>	<u>\$ 5,227,645</u>

The notes to the basic financial statements are an integral part of this statement.

**Washington County Consolidated Communications Agency**  
**Reconciliation of Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to Statement of Activities**  
**For the Year Ended June 30, 2005**

<b>Net change in fund balances</b>	<b>\$ 295,084</b>
The change in net assets in the Statement of Activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$2,748,141) exceeds depreciation expense (\$287,087).	2,461,054
9-1-1 taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.	(27,375)
Accounts receivable that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.	(7,388)
Compensated absences are recognized as an expenditure in the governmental funds when they are determined to be payable from current financial resources. In the Statement of Activities, compensated absences are recognized as an expenditure when earned.	<u>(48,603)</u>
<b>Change in net assets</b>	<b><u><u>\$ 2,672,772</u></u></b>

The notes to the basic financial statements are an integral part of this statement.

**Washington County Consolidated Communications Agency**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,258,983	\$ 158,983
Investment earnings	10,000	10,000	34,317	24,317
Charges for services	5,893,193	5,893,193	5,656,359	(236,834)
Grants	200,000	1,075,241	603,749	(471,492)
Miscellaneous	63,300	63,300	30,038	(33,262)
Total revenues	<u>8,266,493</u>	<u>9,141,734</u>	<u>8,583,446</u>	<u>(558,288)</u>
<b>EXPENDITURES</b>				
Personal services	6,809,914	6,809,914	6,077,253	732,661
Materials and services	1,219,775	1,285,471	1,004,560	280,911
Capital outlay	249,600	638,762	437,921	200,841
Operating contingency	393,642	393,642	393,642	393,642
Total expenditures	<u>8,672,931</u>	<u>9,127,789</u>	<u>7,519,734</u>	<u>1,608,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(406,438)</u>	<u>13,945</u>	<u>1,063,712</u>	<u>1,049,767</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(239,179)</u>	<u>(659,562)</u>	<u>(659,562)</u>	
Total other financing sources (uses)	<u>(239,179)</u>	<u>(659,562)</u>	<u>(659,562)</u>	
Net change in fund balances	<u>(645,617)</u>	<u>(645,617)</u>	<u>404,150</u>	<u>1,049,767</u>
Fund balances - July 1, 2004	<u>1,183,951</u>	<u>1,183,951</u>	<u>1,702,637</u>	<u>518,686</u>
Fund balances - June 30, 2005	<u>\$ 538,334</u>	<u>\$ 538,334</u>	<u>\$ 2,106,787</u>	<u>\$ 1,568,453</u>

The notes to the basic financial statements are an integral part of this statement.

**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

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**I. Summary of significant accounting policies**

**A. Reporting entity**

Washington County Consolidated Communications Agency (Agency) was formed in 1985, under the authority of Oregon Revised Statutes (ORS) 190 by the execution of an intergovernmental agreement between Washington County, the cities of Beaverton, Hillsboro, Cornelius, and North Plains, and Washington County Rural Fire Protection District No. 2 and Tualatin Valley Fire and Rescue. The Agency has subsequently entered into intergovernmental agreements with the cities of Durham, King City, Sherwood, Tigard, Gaston, Tualatin, Forest Grove, and Banks.

The Agency is a municipal corporation that is recognized by the participating governments as the "9-1-1 Jurisdiction" defined in ORS 401.710 to 401.790 for purposes of operating the emergency 9-1-1 telephone system. The Agreement obligates the participating governments to promptly remit emergency telephone system excise tax revenues received from the State of Oregon to the Agency. The Agency provides consolidated public safety communications services for the participating governments and for other governments under contract.

The Agreement also obligates the participating governments to fund any capital and operating expenditures in excess of emergency telephone system excise tax proceeds, contract revenues, and other revenues. The Agency may be terminated by mutual agreement of the parties. Any participant may terminate its participation upon notification to all other participants at least one year prior to the fiscal year end. A termination is effective as of the end of the fiscal year. Upon dissolution or termination of the Agency, the assets which the Agency has purchased or taken legal title to are to be distributed or sold and the proceeds distributed to the participating governments in proportion to their financial support averaged over the preceding three years. The equipment on loan from participants is to be returned.

The Agency is the primary, special purpose government responsible for emergency communications within its boundaries. The Agency is not considered a component unit of any of the participating governments. All significant activities and funds of the Agency have been included in the basic financial statements. The Agency's financial statements represent those of a stand-alone government with no component units. The power and authority given to the Agency by the participating governments are vested in a Board of Commissioners made up of appointed officials from the participating governments. The Commission has authority to select a Director who is responsible for conducting the affairs of the Agency.

**B. Government-wide and fund financial statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary *governmental activities* of the Agency. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities* are financed primarily through 9-1-1 taxes and charges for services to other governments.

The statement of activities presents a comparison between direct expenses of the Agency's public safety program and program revenues for its programs. Direct expenses are those that are specifically associated with the public safety function and, therefore, are clearly identifiable to that function.



**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

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**I. Summary of significant accounting policies, continued**

**B. Government-wide and fund financial statements, continued**

Program revenues include: (1) charges to other governments for emergency communications and services provided and (2) operating grants and contributions. 9-1-1 taxes, investment earnings and other items that are not properly classified as program revenues, are presented as general revenues. Eliminations have been made to minimize the double counting of internal activities in the statement of activities.

**C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

9-1-1 taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements use a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The governmental fund types are maintained using the modified accrual basis of accounting whereby revenues are recorded in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures are recorded at the time the related fund liabilities are incurred, except for insurance premiums benefiting more than one fiscal year are recorded when paid.

Revenue is determined to be measurable when the transaction amount is determinable and available when it is collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. The Agency considers revenues available if they are collected within 60 days of year-end with the exception of investment interest, which is recognized when earned. Significant revenues, which are measurable and available under the modified accrual basis of accounting, are user participation fees, 9-1-1 revenues, intergovernmental transfer, and interest.

The Agency reports the following major governmental funds:

- The *General Fund* is the Agency's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund, either legally or by Board direction. The principal revenue source is property taxes. Primary expenditures are for public safety.
- The *System Upgrade Capital Fund*, a capital projects fund type, accounts for the accumulation of resources for construction costs of the existing facility, as well as significant capital outlays for building equipment and furniture. The principal resource is an intergovernmental transfer from Washington County.

Additionally, the Agency reports the following fund types:

- *Special Revenue Funds* account for revenue sources that are either legally, or by Agency policy, restricted to expenditure for specific purposes. Funds included in this fund category are Equipment Replacement Fund, Facility Maintenance Fund, and Compensated Absences Fund.

**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

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**I. Summary of significant accounting policies, continued**

**C. Measurement focus, basis of accounting, and financial statement presentation, continued**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Assets, liabilities, and net assets or equity**

**1. Cash and cash equivalents**

The Agency considers cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less, when purchased, to be cash and cash equivalents. Investments maintained in the Oregon State Treasurer's Local Government Investment Pool are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the Oregon Local Government Investment Pool are the same as the value of the pool shares.

**2. Investments**

Investments of the Agency are carried at fair value, which is based upon current market prices. Changes in fair value of the investments are recognized in revenue at the end of each year.

**3. Receivables**

Emergency telephone system excise tax, dispatch service, maintenance and interest receivables, are shown net of an allowance for uncollectible accounts.

**4. Capital assets**

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The Agency defines capital assets as assets with an initial cost of more than \$5,000. Replacements, which improve or extend the lives of property, are capitalized. Interest incurred during construction is not capitalized on capital assets. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 years
Apparatus	7 years
Furniture, fixtures and equipment	10 years

**5. Long-term obligations**

In government-wide financial statements, long-term debt is reported as a liability in the statement of net assets. The Agency's only long-term debt is the liability of compensated absences.

**6. Liabilities for compensated absences**

Governmental funds report a liability for compensated absences only in connection with terminated employees. The amount of accumulated vacation and personal leave, including associated payroll taxes and retirement contributions, that is payable from future resources is recorded in the government-wide financial statements. Accumulated sick leave does not vest and is, therefore, recorded when leave is taken.

**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

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**I. Summary of significant accounting policies, continued**

**D. Assets, liabilities, and equity, continued**

**7. Participation fees**

The Agency charges the participating governments of the Intergovernmental Agreement an amount sufficient to cover budgeted expenditures less anticipated revenues from other sources.

**8. Intergovernmental transfer**

By ORS law, the Agency is not allowed to incur debt. Washington County, who currently owns the facility, did a local option levy on the Agency's behalf for facility improvements and also for capital equipment and furniture for the facility.

**9. Fund equity**

Reservations of fund balances are recorded to indicate that a portion is not available for appropriation as of year-end or to indicate that a portion is legally segregated for a specific future use.

**II. Stewardship, compliance, and accountability**

**A. Budgetary information**

The Agency budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting.

The Board of Commissioners adopts the original budget by resolution prior to the beginning of the Agency's fiscal year (July 1 through June 30). The Board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay and other expenditures for the fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the above mentioned expenditure categories and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. A supplemental budget less than 10% of the fund's original budget may be adopted by the Board at a regular Board meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in the newspaper, and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Commissioners. The Agency did not have any appropriation transfers and adopted one supplemental budget during the year ended June 30, 2005. Appropriations lapse at fiscal year end.

**III. Detailed notes on all funds**

**A. Cash, cash equivalents, and investments**

The Agency maintains separate accountability by fund for cash, cash equivalents, and investment accounts. The types of investments in which the Agency may invest are restricted by State of Oregon statutes and a Council adopted investment policy.

**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

**III. Detailed notes on all funds, continued**

**A. Cash, cash equivalents, and investments, continued**

Cash, cash equivalents, and investments at June 30, 2005, were comprised of the following:

Petty cash	\$ 200
Deposits with financial institutions	342,562
State of Oregon Government Investment Pool	4,487,661
Total pooled cash and investments	<u>\$ 4,830,423</u>

Cash, cash equivalents, and investments are reflected on the basic financial statements as follows:

	<u>Governmental Activities</u>
Pooled cash and cash equivalents	\$ 4,487,661
Agency cash and cash equivalents	342,762
	<u>\$ 4,830,423</u>

**1. Deposits with financial institutions**

Deposits with financial institutions include bank demand deposits. The total carrying amount of deposits at June 30, 2005, was \$342,562. The total bank balance per the bank statements was \$375,211. Of these deposits, \$100,000 was covered by federal depository insurance, \$275,211 was collateralized by securities held by financial institutions acting as the agents for the Agency in the Agency's name, and the remaining amount was uninsured and uncollateralized. There were no known violations of legal or contractual provisions for deposits.

Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager.

**2. Interest rate risk**

As a means to limit exposure, the Agency's investment policy designates maturity limitations dependent upon whether the funds being invested are considered short-term operating funds or long-term funds. All operating funds will have maturities not to exceed 18 months. Certain agency funds may be available for longer investment periods, up to 36 months. The Agency did not have any investments as of June 30, 2005.

**3. Credit Risk**

The State of Oregon Treasurer's Local Government Short-Term Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Secretary of State and is not required to be categorized by risk. Cost of pool shares approximates the Agency's fair value position in the LGIP. The Agency's investment in the LGIP made up 93% of the portfolio at June 30, 2005.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or had control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature

**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

**III. Detailed notes on all funds, continued**

**A. Cash, cash equivalents, and investments, continued**

**3. Credit Risk, continued**

established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Other permissible investments include general obligations of the United States Government and its agencies, obligations of the State of Oregon and local government securities that have a rating of A or better by Moody's Investor Service, Oregon and local commercial paper rated A-2 and P-2 or better, corporate commercial paper that are rated A-1 or P-1 or better, guaranteed banker's acceptances, certificates of deposits, and repurchase agreements. The agency was not invested in any of these type of investments as of June 30, 2005.

**4. Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of failure of counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. State statues govern the Agency's investment policies. At June 30, 2005, the Agency did not have any investments, thus they were not exposed to custodial credit risk.

**B. Capital assets**

Activity in the General Fixed Assets Account Group for the Agency for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,582,591	\$ 1,810,099		\$ 4,392,690
Total capital assets, not being depreciated	<u>2,582,591</u>	<u>1,810,099</u>		<u>4,392,690</u>
Capital assets, being depreciated:				
Buildings and improvements	903,601	494,623		1,398,224
Vehicles	86,664	65,885	\$ (12,739)	139,810
Furniture, fixtures and equipment	1,880,566	377,534		2,258,100
Total capital assets, being depreciated	<u>2,870,831</u>	<u>938,042</u>	<u>(12,739)</u>	<u>3,796,134</u>
Less accumulated depreciation for:				
Buildings and improvements	(60,240)	(72,276)		(132,516)
Vehicles	(73,350)	(11,040)	12,739	(71,651)
Furniture, fixtures and equipment	(324,676)	(203,771)		(528,447)
Total accumulated depreciation	<u>(458,266)</u>	<u>(287,087)</u>	<u>12,739</u>	<u>(732,614)</u>
Total capital assets being depreciated, net	<u>2,412,565</u>	<u>650,955</u>		<u>3,063,520</u>
Total capital assets, net	<u>\$ 4,995,156</u>	<u>\$ 2,461,054</u>	<u>\$ 0</u>	<u>\$ 7,456,210</u>

**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

**III. Detailed notes on all funds, continued**

**B. Capital assets, continued**

The General Fixed Assets Account Group does not include items provided by the participating governments that are currently being used by the Agency, but to which the Agency has not taken legal title under the terms of the Intergovernmental Agreement.

**C. Interfund receivables, payables, and transfers**

An interfund receivable of \$127,157 was recorded in the General Fund, \$126,243 payable from the System Upgrade Fund and \$914 payable from non-major governmental funds. The majority of these payables are for reimbursement of site development at the 9-1-1 center.

Interfund transfers for the year ended June 30, 2005 are as follows:

	Transfers in			Total
	System Upgrade Fund	Other Governmental Funds Equipment Replacement Fund	Facility Maintenance Fund	
Transfers out				
General Fund	\$ 574,696	\$ 50,000	\$ 34,866	\$ 659,562
Facility Maintenance Fund	150,000			150,000
Total	<u>\$ 724,696</u>	<u>\$ 50,000</u>	<u>\$ 34,866</u>	<u>\$ 809,562</u>

The Agency made transfers from the General Fund to the System Upgrade Fund to fund upgrades at the 9-1-1 center.

**D. Long-term obligations**

Compensated absences activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental activities:</b>				
Compensated absences	<u>\$ 288,946</u>	<u>\$ 544,013</u>	<u>\$ (495,411)</u>	<u>\$ 337,548</u>

It is the Agency's policy to permit employees to accumulate earned but unused sick leave and vacation pay benefits. There is no liability recorded for unpaid accumulated sick leave, since the Agency does not have a policy to pay out amounts when employees separate from service. A liability for all the other amounts is reported in the governmental fund only in connection with terminated employees. The entire balance, generally utilized within one year, is reported on the Statement of Net Assets.

**IV. Other information**

**A. Risk management**

The Agency is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The

**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

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**IV. Other information**

**A. Risk management. continued**

Agency, through its General Fund, purchases commercial insurance. Deductibles are generally at \$2,500 or less with the exception of natural disasters which have different deductibles. Settled claims have not exceeded commercial coverage in any fiscal year.

**B. Commitments and contingencies**

WCCCA has remaining commitments for microwave and radio site construction contracts of approximately \$989,149 as of June 30, 2005.

**C. Deferred compensation plan**

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Agency employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, are held in trust by the plan administrator for the sole benefit of the participants. The amount deferred since the inception of the plan and interest earnings thereon totaled \$971,719 at June 30, 2005.

**D. Employee retirement systems and pension plans**

***Oregon Public Employees Retirement System (PERS) and Oregon Public Service Retirement Plan (OPSRP)***

The Oregon Public Employees Retirement Systems (PERS or "the System") provides a statewide defined benefit retirement plan for units of state government, political subdivisions, community colleges, and school districts. For state agencies, community colleges, school districts, and political subdivisions who have joined the State and Local Government Rate Pool, PERS is a cost-sharing, multiple-employer system.

On August 29, 2003, the Oregon Governor signed into law House Bill 2020 which created a new Oregon Public Service Retirement Plan (OPSRP) beginning January 1, 2004. The plan includes two components, the pension program and an individual account program. Assets of these accounts are held separately from PERS ORS 238 assets. The plan is administered by the PERS board under ORS 238A and contributions for PERS and OPSRP are made to PERS.

The Plan offers retirement and disability benefits, post employment healthcare benefits, annual cost of living increases, and death benefits to Plan members and beneficiaries. Benefits differ depending upon employee entry date. PERS and OPSRP established by state statutes to provide benefits for state and local governments and their employees. PERS is administered under Oregon Revised Statute Chapter 238. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. ORS Chapter 238.620 and 238A.005(3) establishes the Public Employees Retirement Board as the governing body of PERS and OPSRP. The Board has the authority under state statutes to amend the Plan's benefits and contribution rates. PERS issues publicly available financial reports that include financial statements and required supplementary information. The reports can be obtained from the Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling (503) 598-7377.

**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

**IV. Other information**

**D. Employee retirement systems and pension plans, continued**

The required employee contribution of 6% of covered payroll or \$228,548, was contributed by the employees as a result of the collective bargaining agreement. Prior to December 31, 2003, the employee's 6% contribution was made to the PERS ORS 238 system. Effective January 1, 2004, this same 6% contribution was required to be made to the Individual Account Program for all eligible employees under the ORS 238A OPSRP system. The Agency also contributes the remaining amounts necessary to pay benefits when due. For 2005, the Agency's annual pension cost of approximately \$386,837 was equal to the Agency's required and actual contributions. The Agency is required by ORS 238.225 to contribute at an actuarially determined rate. The employer rate for 2004-05 was 9.05% of salary covered under the plan for 70 employees, and was determined as part of the December 31, 2001, actuarial valuation using the entry age cost method. For OPSRP employees, the Agency is required to remit contributions based on the employee class which is 8.04% for general service employees. These rates were adopted by the PERS Board based on actuarial information regarding projected costs of the new plan.

Three-Year Trend Information for PERS and OPSRP:

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$386,837	100%	-
2004	359,780	100	-
2003	425,646	100	-

Two major changes in the employer contributions area occurred between the 1999 and the 2001 actuarial evaluation. The state legislature allowed local governments the opportunity to join a larger risk pool by electing to participate in a Local Government Rate Pool (LGRP) as of January 1, 2000. The legislature further expanded this opportunity by creating a State and Local Government Rate Pool (SLGRP) effective January 1, 2002. The Agency elected to join these risk pools. The impact of both of these pools is reflected in the Agency's individual contribution rate determined by the 2001 actuarial evaluation and made effective in fiscal year 2004. In addition, due to the election by the Agency to join these pools beginning with the 2001 evaluation, individual entity data on the actuarial value of assets, and the actuarial accrued liability is unavailable. The actuarial valuation for the plan as of December 31, 2003, has not been completed and accordingly, information is not yet available for disclosure.

**E. Debt Restriction**

When WCCCA was created, it was prohibited from incurring debt. In fiscal year 2000-2001, WCCCA entered into an intergovernmental agreement with Washington County in order to purchase equipment. This agreement stated that the County would issue bonds on behalf of WCCCA, and that the County would use monies from the November, 2000, community safety local option levy to pay for the debt service requirements and additional monies would be used for continued capital equipment and improvements. The equipment is the property of WCCCA. The proceeds from this levy are the intergovernmental transfer in the System Upgrade Fund.



**Washington County Consolidated Communications Agency**  
**Notes to the Basic Financial Statements**  
**June 30, 2005**

**IV. Other information, continued**

**F. Related party transactions**

The Agency is dependent on participating governments, which are all Oregon municipal corporations, for most of its revenues. The Agency also is involved in various transactions for goods and services provided by some of these participating governments. These transactions are summarized as follows:

<i>Revenues</i>					
<i>Participants</i>	<i>Fees</i>	<i>Taxes</i>	<i>Contracts</i>	<i>Maintenance</i>	<i>Totals</i>
Washington County	\$ 1,256,277	\$ 922,848		\$ 19,054	\$ 2,198,179
Tualatin Valley Fire and Rescue	1,056,977			11,460	1,068,437
City of Hillsboro	948,092	373,376		9,684	1,331,152
City of Beaverton	699,611	371,136		13,451	1,084,198
City of Tigard	369,804	210,383		2,937	583,124
City of Forest Grove	209,455	114,551		4,132	328,138
City of Tualatin	202,725	116,559		3,551	322,835
City of Sherwood	114,479	66,190		1,359	182,028
City of Cornelius	99,067	47,570		1,442	148,079
Washington Co. Fire District #2	46,928				46,928
City of Banks	26,887	8,550		89	35,526
City of Gaston	19,151	3,707		1,427	24,285
City of King City	15,498	9,842		504	25,844
City of Durham	9,895	6,561			16,456
City of North Plains	9,335	7,710		410	17,455
Clean Water Services	36,708			164	36,872
Clackamas County Fire District #1				4,657	4,657
Clackamas County 800 Radio Group			\$ 329,595	3,608	333,203
Clackamas County				10,518	10,518
Lake Oswego				4,593	4,593
Miscellaneous	46,189			17,657	63,846
	<u>\$ 5,167,078</u>	<u>\$ 2,258,983</u>	<u>\$ 329,595</u>	<u>\$ 110,697</u>	<u>\$ 7,866,353</u>

*Expenditures*

During the year ended June 30, 2005, the Agency paid Tualatin Valley Fire & Rescue, a rural fire protection district, \$45,878 for accounting services, \$100,199 for a loaned employee arrangement, \$4,928 for contracted medical director services, and \$1,021 for vehicle and building maintenance services.

The Agency has a lease agreement with Washington County for the central dispatch facility. The lease requires payment of one dollar per year and expires on October 1, 2006 with automatic 5-year extensions.

## Supplemental Information

# Major Governmental Fund

## **Capital Projects Fund**

*System Upgrade Capital Fund* – accounts for capital improvements and equipment purchases made for the radio system for the Agency.

# Nonmajor Governmental Funds

## **Special Revenue Funds**

These funds account for the accumulation of resources for particular activities or functions from designated sources. Funds included in this fund category are:

*Equipment Replacement Fund* - accounts for the accumulation of resources for computers, office and other equipment not directly part of the radio system.

*Facility Maintenance Fund* - accounts for the accumulation of resources for capital improvements and emergency repairs to the building.

*Compensated Absence Fund* - accounts for the accumulation of resources used to offset the Agency's liability for accrued leave.

**Washington County Consolidated Communications Agency  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005**

	<i>Special Revenue Fund Types</i>			
	<b>Equipment Replacement Fund</b>	<b>Facility Maintenance Fund</b>	<b>Compensated Absence Fund</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 511,363	\$ 217,616	\$ 18,238	\$ 747,217
<b>Total assets</b>	<u>\$ 511,363</u>	<u>\$ 217,616</u>	<u>\$ 18,238</u>	<u>\$ 747,217</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,166			\$ 1,166
Due to other funds	914			914
<b>Total liabilities</b>	<u>2,080</u>			<u>2,080</u>
Fund balances:				
Reserved for compensated absences			\$ 18,238	18,238
Unreserved, reported in:				
Special revenue funds	509,283	\$ 217,616		726,899
<b>Total fund balances</b>	<u>509,283</u>	<u>217,616</u>	<u>18,238</u>	<u>745,137</u>
<b>Total liabilities and fund balances</b>	<u>\$ 511,363</u>	<u>\$ 217,616</u>	<u>\$ 18,238</u>	<u>\$ 747,217</u>

**Washington County Consolidated Communications Agency**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2005**

	<i>Special Revenue Fund Types</i>			
	Equipment Replacement Fund	Facility Maintenance Fund	Compensated Absence Fund	Total Other Governmental Funds
<b>REVENUES</b>				
Investment earnings	\$ 10,923	\$ 7,418	\$ 420	\$ 18,761
Total revenues	<u>10,923</u>	<u>7,418</u>	<u>420</u>	<u>18,761</u>
<b>EXPENDITURES</b>				
Capital outlay	35,058			35,058
Total expenditures	<u>35,058</u>			<u>35,058</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(24,135)	7,418	420	(16,297)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	50,000	34,866		84,866
Transfers out		(150,000)		(150,000)
Total other financing sources	<u>50,000</u>	<u>(115,134)</u>		<u>(65,134)</u>
Net change in fund balances	25,865	(107,716)	420	(81,431)
Fund balances - July 1, 2004	483,418	325,332	17,818	826,568
Fund balances - June 30, 2005	<u>\$ 509,283</u>	<u>\$ 217,616</u>	<u>\$ 18,238</u>	<u>\$ 745,137</u>

**Washington County Consolidated Communications Agency  
System Upgrade Capital Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,510,264	\$ 1,510,264	\$ 1,510,264	
Investment earnings	25,000	25,000	49,747	\$ 24,747
Total revenues	<u>1,535,264</u>	<u>1,535,264</u>	<u>1,560,011</u>	<u>24,747</u>
<b>EXPENDITURES</b>				
Materials and services	100,000	100,000	46,389	53,611
Capital outlay	2,200,000	2,620,383	2,265,953	354,430
Total expenditures	<u>2,300,000</u>	<u>2,720,383</u>	<u>2,312,342</u>	<u>408,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(764,736)</u>	<u>(1,185,119)</u>	<u>(752,331)</u>	<u>432,788</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	304,313	724,696	724,696	
Total other financing sources	<u>304,313</u>	<u>724,696</u>	<u>724,696</u>	
Net change in fund balances	(460,423)	(460,423)	(27,635)	432,788
Fund balances - July 1, 2004	698,100	698,100	2,403,356	1,705,256
Fund balances - June 30, 2005	<u>\$ 237,677</u>	<u>\$ 237,677</u>	<u>\$ 2,375,721</u>	<u>\$ 2,138,044</u>

**Washington County Consolidated Communications Agency  
Equipment Replacement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2005**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 7,000	\$ 10,923	\$ 3,923
Total revenues	<u>7,000</u>	<u>10,923</u>	<u>3,923</u>
<b>EXPENDITURES</b>			
Capital outlay	100,000	35,058	64,942
Total expenditures	<u>100,000</u>	<u>35,058</u>	<u>64,942</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(93,000)	(24,135)	68,865
<b>OTHER FINANCING SOURCES</b>			
Transfers in	50,000	50,000	
Total other financing sources	<u>50,000</u>	<u>50,000</u>	
Net change in fund balances	(43,000)	25,865	68,865
Fund balances - July 1, 2004	405,438	483,418	77,980
Fund balances - June 30, 2005	<u>\$ 362,438</u>	<u>\$ 509,283</u>	<u>\$ 146,845</u>

**Washington County Consolidated Communications Agency  
Facility Maintenance Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2005**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 4,500	\$ 7,418	\$ 2,918
Total revenues	<u>4,500</u>	<u>7,418</u>	<u>2,918</u>
<b>EXPENDITURES</b>			
Materials and services	50,000		50,000
Total expenditures	<u>50,000</u>		<u>50,000</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	<u>(45,500)</u>	<u>7,418</u>	<u>52,918</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	34,866	34,866	
Transfers out	(150,000)	(150,000)	
Total other financing sources	<u>(115,134)</u>	<u>(115,134)</u>	
Net change in fund balances	(160,634)	(107,716)	52,918
Fund balances - July 1, 2004	308,216	325,332	17,116
Fund balances - June 30, 2005	<u>\$ 147,582</u>	<u>\$ 217,616</u>	<u>\$ 70,034</u>



**Washington County Consolidated Communications Agency  
Compensated Absence Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2005**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 300	\$ 420	\$ 120
Total revenues	<u>300</u>	<u>420</u>	<u>120</u>
<b>EXPENDITURES</b>			
Personal services	10,000		10,000
Total expenditures	<u>10,000</u>		<u>10,000</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(9,700)	420	10,120
Fund balances - July 1, 2004	11,991	17,818	5,827
Fund balances - June 30, 2005	<u>\$ 2,291</u>	<u>\$ 18,238</u>	<u>\$ 15,947</u>

## Other Financial Schedule

**Washington County Consolidated Communications Agency**  
**Participation Fees by Agency**  
**Last Ten Fiscal Years**

Fiscal Year	Total	Tualatin Valley			City of Hillsboro			City of Beaverton			City of Tigard			City of Forest Grove			City of Tualatin			City of Sherwood			City of Cornelius			Washington County Fire District #2			Tri-Cities Rural Fire District			City of Gaston			City of King City			City of Durham			City of North Plains			Other		
		Washington County	Fire and Rescue	Hillsboro	Beaverton	Tigard	Forest Grove	Tualatin	Sherwood	Cornelius	Washington County Fire District #2	Tri-Cities Rural Fire District	Gaston	King City	Durham	North Plains	Other																													
2005	\$ 5,167,078	\$ 1,256,277	\$ 1,056,977	\$ 948,092	\$ 699,611	\$ 369,804	\$ 209,455	\$ 202,725	\$ 114,479	\$ 99,067	\$ 46,928	\$ 26,887	\$ 19,151	\$ 15,498	\$ 9,895	\$ 9,335	\$ 82,897																													
2004	4,830,254	1,174,841	943,525	895,246	659,664	348,662	195,362	190,783	100,947	92,694	45,110	25,845	18,409	14,898	9,512	8,973	105,783																													
2003	4,327,296	1,046,821	915,288	782,835	582,664	296,934	169,488	161,920	85,078	79,098	45,002	25,097	17,873	14,464	9,235	8,712	86,787																													
2002	4,066,256	1,075,614	863,767	664,466	574,426	280,674	81,434	152,779	72,453	89,407	46,121	24,367	18,518	15,840	10,405	12,127	83,858																													
2001	3,842,686	1,015,361	827,617	624,093	497,391	262,990	77,345	149,473	67,313	86,857	44,778	19,123	18,599	15,643	10,267	12,646	113,190																													
2000	3,787,702	1,003,723	828,826	602,592	535,773	266,639	77,444	146,485	59,538	87,089	47,186	18,651	17,945	16,197	10,750	12,639	56,225																													
1999	3,144,549	804,560	696,184	488,016	451,911	224,940	68,076	124,296	41,684	80,386	41,126	16,221	16,773	14,114	9,172	14,220	52,870																													
1998	2,997,598	767,752	675,442	473,280	411,039	224,776	65,758	118,847	34,679	83,027	42,197	19,124	18,521	14,627	8,975	10,130	29,424																													
1997	3,281,960	874,714	733,063	512,007	428,805	251,358	72,988	128,653	35,722	87,478	47,973	23,460	20,883	17,096	8,666	11,325	27,769																													
1996	2,955,489	791,562	509,846	461,089	553,798	228,620	63,667	118,666	29,632	81,585	44,941	21,114	19,791	15,885	5,276	10,017																														

Source: The Agency's basic financial statements, current and prior.

# Statistical Section

**Washington County Consolidated Communications Agency**  
**General Governmental Expenditures by Function**  
**Last Ten Fiscal Years**

Fiscal Year	Public Safety	Capital Outlay	Debt Service	Total
2005	\$ 7,128,202	\$ 2,738,932		\$ 9,867,134
2004	6,705,450	2,938,057		9,643,507
2003	6,724,625	1,303,052		8,027,677
2002	6,301,812	2,254,306		8,556,118
2001	5,750,157	47,712	\$ 216,722	6,014,591
2000	5,147,313	135,079		5,282,392
1999	4,715,277	37,467		4,752,744
1998	4,397,972	3,569		4,401,541
1997	4,149,451	116,433		4,265,884
1996	4,002,391	60,225		4,062,616

*Source: The Agency's basic financial statements, current and prior years.*

**Washington County Consolidated Communications Agency**  
**General Governmental Revenues by Source**  
**Last Ten Fiscal Years**

Fiscal Year	Charges for Services	Taxes	Intergovernmental Transfer	Interest	Miscellaneous	Total
2005	\$ 5,656,359	\$ 2,258,983	\$ 1,510,264	\$ 102,825	\$ 633,787	\$ 10,162,218
2004	5,328,466	2,179,044	1,510,264	80,683	189,411	9,287,868
2003	4,623,819	1,652,637	2,867,505	98,034	108,597	9,350,592
2002	4,154,798	1,908,515		107,768	68,555	6,239,636
2001	3,914,882	1,786,683		129,769	74,950	5,906,284
2000	3,882,996	1,542,545		101,227	201,176	5,727,944
1999	3,252,977	1,544,370		81,969	75,727	4,955,043
1998	3,066,370	1,241,213		87,706	56,135	4,451,424
1997	3,339,958	1,240,747		73,046	37,062	4,690,813
1996	2,994,654	1,038,206		54,629	31,583	4,119,072

*Source: The Agency's basic financial statements, current and prior years.*

**Washington County Consolidated Communications Agency**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**

Fiscal Year	9-1-1 Telephone Excise Taxes - Total Taxes
2005	\$ 2,258,983
2004	2,179,044
2003	1,652,637
2002	1,908,515
2001	1,786,683
2000	1,542,545
1999	1,544,370
1998	1,241,213
1997	1,240,747
1996	1,038,206

*Source: The Agency's basic financial statements, current and prior years.*

**Washington County Consolidated Communications Agency**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Per Capita Income<sup>(2)</sup></b>	<b>School Enrollment<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(2)</sup></b>
2005	505,200	N/A	52,034	5.8%
2004	472,600	\$32,000	50,822	6.5
2003	472,015	32,000	50,906	7.0
2002	455,800	32,000	47,985	5.9
2001	449,250	33,000	48,040	3.1
2000	404,750	31,000	45,776	3.3
1999	431,300	30,000	45,320	4.0
1998	431,000	29,000	43,604	3.8
1997	430,225	27,000	43,170	3.8
1996	397,725	26,000	42,838	3.8

*Note: The information regarding the median age and education level of the Agency's population is not available.*

*N/A Information unavailable at time of printing.*

**Sources:**

- <sup>(1)</sup> *Estimates based on information provided by Portland State University, Population Research and Census Center*
- <sup>(2)</sup> *State of Oregon Employment Division, Economic Analysis*
- <sup>(3)</sup> *Beaverton School District No. 48, Washington County School District Nos. 23J and 88*



# Washington County Consolidated Communications Agency

Insurance in Force

June 30, 2005

Company	Policy No.	Amount of Insurance	Coverage	Policy Term	Premium	Unearned Premium 6/30/2005
City County Insurance Services	03LWCC	\$2,000,000	General liability and auto liability; auto physical damage (collision \$500 ded/comp - \$100)	07/01/04-07/01/05	\$23,754	
City County Insurance Services Workers' Compensation Group	03WWCC	Statutory \$3,000,000	Workers' compensation/Employers liability	07/01/04-07/01/05	\$36,850	
City County Insurance Services	03BWCC	\$12,380,288	Boiler and machinery; combined limit per accident, applicable to direct damage to covered property, \$1,000 property damage deductible	07/01/04-07/01/05	\$1,065	
City County Insurance Services	03PWCC	\$12,380,288	Building and structures, business personal property, deductible \$1,000 replacement cost	07/01/04-07/01/05	\$21,625	
		\$10,000,000	Earthquake, 2% of combined values of units damaged, \$5,000 minimum, \$50,000 maximum			
		\$10,000,000	Flood, 2% of combined values of units damaged, \$5,000 minimum, \$50,000 maximum			
City County Insurance Services	03APDWCC	ACV	Auto physical damage, deductible comprehensive \$100, deductible collision \$500	07/01/04-07/01/05	\$1,151	
Harford Fire Insurance Co.	52BPEAH2197	\$100,000	Employee dishonesty, deductible \$2,500	12/20/04-12/20/05	\$2,500	\$1,185
Commerce & Industry Insurance	8089097	\$1,000,000	Pollution, underground storage tanks	01/09/05-01/09/06	\$545	\$288

**Washington County Consolidated Communications Agency**  
**Miscellaneous Statistics**  
**June 30, 2005**

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**Date of Formation** July 1, 1985

Intergovernmental Agreement updated with additional participating jurisdictions July 1, 1990

Addition of further participating jurisdictions July, 1992

**Form of Government** ORS 190 Agency

**Full-time Employees**

	Dispatchers	Operations Supervisors	Computer/Resource Support	Technical Support	Administration and other
2005	62.5	5	1	6	7.00
2004	54	5	1	6	7.00
2003	53	5	1	6	7.00
2002	54.5	5	2	5	7.40
2001	45	5	2	4	6.00
2000	48	5	2	4	5.75
1999	50	4	2	4	4.75
1998	50	5	2	4	4.75
1997	50	4	2	4	4.75
1996	50	4	3	4	5.00

Part-time (on-call) dispatch employees 9

*\* Technical employees include the employee in Technical Services assigned to the Agency from Tualatin Valley Fire and Rescue under a written agreement.*

**Area Served** Washington County and portions of Multnomah and Clackamas counties

**Population Served by Agency** 505,200

**Washington County Consolidated Communications Agency**  
Miscellaneous Statistics, Continued  
June 30, 2005

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**Dispatch Calls**

	<b>9-1-1</b>	<b>7 Digit In</b>
2005 *	155,369	238,637
2004	175,493	248,020
2003	189,510	246,110
2002	177,267	240,762
2001	186,947	250,756
2000	181,229	271,216
1999	182,637	340,692
1998	158,190	406,224
1997	127,863	290,618
1996	176,092	321,167

\* Estimate only

**Audit Comments and Disclosures  
Required by State Regulations Section**



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
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October 21, 2005

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2004-2005 AUDITORS' COMMENTS AND DISCLOSURES

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Oregon Administrative Rules 165-30-100 through 165-30-295 of the Minimum Standards for Audits of Oregon Municipal Corporations enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows.

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of Washington County Consolidated Communications Agency as of and for the year ended June 30, 2005, and have issued our report thereon dated October 21, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

The management of Washington County Consolidated Communications Agency is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the basic financial statements of Washington County Consolidated Communications Agency for the year ended June 30, 2005, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the board, audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

ACCOUNTING RECORDS

The Agency's accounting records are adequate for audit.

BUDGET TRANSACTIONS

Expenditures of the various funds were in accordance with the adopted budget.

2004-2005 AND 2005-2006 BUDGETS

The budgets adopted by the Agency for the current and ensuing fiscal year were examined during the audit. Based on our testing it was determined that budget preparation and adoption procedures followed by the Agency were in compliance with the Oregon Local Budget Law.

COLLATERAL SECURING BANK DEPOSITS

The Agency's deposits appeared to be adequately covered by federal depository insurance or certificates of participation at all times during 2004-2005, based upon our testing. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

The Agency's investments for the year ending June 30, 2005, were reviewed and, based upon our testing, appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

The Agency's procedures for awarding public contracts were reviewed, and based upon our testing, we found no instances of non-compliance with ORS Chapter 279 during 2004-2005.

INSURANCE AND FIDELITY BONDS

Details concerning insurance and fidelity bond coverage were reviewed during the audit. The coverage provided appears to meet legal requirements. We do not have the professional expertise to state whether the insurance coverage is adequate.

STATUTORY BONDED DEBT LIMITATION

The Agency did not have any bonded debt outstanding during the year ended June 30, 2005.

OUTSTANDING WARRANTS

The Agency did not have any outstanding endorsed warrants at June 30, 2005.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Our reports concerning grant compliance and a schedule of expenditures of federal awards are contained in this report in the grant compliance review section.

STATE HIGHWAY

The Agency had no programs funded from State Highway funds during the year ended June 30, 2005.

  
PAULY, ROGERS AND CO., P.C.

WASHINGTON COUNTY CONSOLIDATED COMMUNICATIONS  
AGENCY  
BEAVERTON, OREGON

REPORT ON REQUIREMENTS OF THE SINGLE AUDIT ACT  
AND OMB CIRCULAR A-133

Year Ended June 30, 2005

AUDITS MUNICIPALITIES

	Date	Initial
Rec'd	<u>1-3-06</u>	<u>W</u>
DIS	<u>1-3-06</u>	<u>W</u>
Muni	_____	_____
Scanned	<u>2-8-06</u>	<u>BH</u>
Comments	_____	



WASHINGTON COUNTY CONSOLIDATED COMMUNICATIONS AGENCY  
BEAVERTON, OREGON

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**WASHINGTON COUNTY CONSOLIDATED COMMUNICATIONS AGENCY  
BEAVERTON, OREGON**

**GRANT COMPLIANCE REVIEW**



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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October 21, 2005

To the Board of Commissioners  
Washington County Consolidated Communications Agency  
Beaverton, Oregon

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the basic financial statements of Washington County Consolidated Communications Agency, Beaverton, Oregon, as of and for the year ended June 30, 2005, and have issued our report thereon dated October 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether Washington County Consolidated Communications Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In planning and performing our audit, we considered Washington County Consolidated Communications Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Pauly, Rogers and Co., P.C.*

**PAULY, ROGERS AND CO., P.C.**



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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October 21, 2005

To the Board of Commissioners  
Washington County Consolidated Communications Agency  
Beaverton, Oregon

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE WITH OMB  
CIRCULAR A-133**

We have audited the compliance of Washington County Consolidated Communications Agency's, Beaverton, Oregon, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Washington County Consolidated Communications Agency's major federal programs are identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Washington County Consolidated Communications Agency's management. Our responsibility is to express an opinion on Washington County Consolidated Communications Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washington County Consolidated Communications Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Washington County Consolidated Communications Agency's compliance with those requirements.

In our opinion, Washington County Consolidated Communications Agency, Beaverton, Oregon, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

The management of Washington County Consolidated Communications Agency, Beaverton, Oregon, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Washington County Consolidated Communications Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Pauly, Rogers and Co., P.C.*  
PAULY, ROGERS AND CO., P.C.

WASHINGTON COUNTY CONSOLIDATED COMMUNICATIONS AGENCY  
SCHEDULE OF PRIOR AND CURRENT YEAR AUDIT FINDINGS,  
QUESTIONED COSTS, AND NOTES RELATIVE TO FEDERAL AWARDS

For the Year Ended June 30, 2005

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CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS:

NONE

CURRENT YEAR AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS:

UNQUALIFIED OPINION

CURRENT YEAR NONCOMPLIANCE, AUDIT FINDINGS AND QUESTIONED COSTS:

NONE

CURRENT YEAR AUDITORS' REPORT ON COMPLIANCE FOR MAJOR PROGRAMS:

UNQUALIFIED OPINION

PROGRAM TESTED AS MAJOR FOR THE YEAR ENDED JUNE 30, 2003:

State Domestic Preparedness Equipment CFDA # 97.073.

DOLLAR THRESHOLD FOR DISTINGUISHING BETWEEN TYPE A AND B PROGRAMS:

\$300,000

LOW-RISK AUDIT QUALIFICATION:

The Agency did not qualify as a low-risk auditee under section .530. of OMB Circular A-133.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Washington County Consolidated Communications Agency and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

WASHINGTON COUNTY CONSOLIDATED COMMUNICATIONS AGENCY  
BEAVERTON, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2005

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
DEPARTMENT OF HOMELAND SECURITY Office of Domestic Preparedness State Domestic Preparedness Equipment	97.073	\$ 602,999
TOTAL FEDERAL EXPENDITURES		<u>\$ 602,999</u>